

HOUSE BILL 2636

By Bibb

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 4, Part 20 and Title 67, Chapter 4, Part 21, relative to credits against the franchise and excise taxes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-2109, is amended by deleting subsection (m) in its entirety and by substituting instead the following language:

(m)

(1) There shall be allowed, for any financial institution, a credit against the sum total of the taxes imposed by the Franchise Tax Law, compiled in this part, and the Excise Tax Law, compiled in part 20 of this chapter, in an amount equal to twelve and one half percent (12.5%) of the financial institution's contribution to the Tennessee rural opportunity fund. The credit provided in this subsection (m) shall be allowed each year for a period of ten (10) years, beginning with the tax year in which the contribution is made. Any unused credit allowed under this subsection (m) shall not be carried forward beyond the tax year in which the credit originated.

(2) For purposes of this subsection (m), the loaning of funds by the taxpayer to the Tennessee rural opportunity fund shall constitute a contribution by the taxpayer to the Tennessee rural opportunity fund. If, however, at the close of the tenth year of the period during which the credit is allowed, the taxpayer or its assignee has received repayment, or retains any right to repayment, of all or any portion of the amount contributed to the Tennessee rural opportunity fund or any interest accrued thereon, the department shall be entitled to recapture the credit allowed by increasing the franchise tax liability or the excise tax liability, or

both, of the taxpayer by the credit recapture amount for the first tax year following the ten-year period during which the credit is allowed. The credit recapture amount shall be equal to the total amount of credit allowed, plus interest at the rate determined under § 67-1-801 from the date the credit was offset against the taxpayer's franchise tax liability or the excise tax liability, or both.

SECTION 2. This act shall take effect July 1, 2008, the public welfare requiring it.